

AMENDED IN SENATE JUNE 28, 2005

AMENDED IN SENATE JUNE 6, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 1614

Introduced by Assembly Member Klehs

February 22, 2005

~~An act to amend Section 214 of the Revenue and Taxation Code, relating to taxation.~~ *An act to add Section 6368.11 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1614, as amended, Klehs. ~~Property tax: exemptions: nonprofit hospitals.~~ *Sales and use taxes: exemptions: alternative fuel passenger transit buses.*

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from that tax.

This bill would exempt from the sales and use tax tangible personal property sold or leased to a qualified person, as defined, and incorporated into alternative fuel prototype buses pursuant to a qualified research and development contract, as defined.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy but its operative date would depend on its effective date.

~~The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property.~~

~~Existing property tax law establishes a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes.~~

~~Existing law provides that a hospital is not deemed to be organized or operated for profit if, during the immediately preceding fiscal year, the operating revenues, as defined, are not in excess of the operating expenses of the hospital by an amount equal to 10% of the hospital's operating expenses.~~

~~This bill would, instead, provide that a hospital is rebuttably presumed to be organized or operated for profit if, during the immediately preceding fiscal year, the operating revenues, as defined, are in excess of the operating expenses of the hospital by an amount equal to more than 10% of the hospital's operating expenses. This bill contains a declaration that this change constitutes a declaration of existing law.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6368.11 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 6368.11. (a) There are exempted from the taxes imposed by
- 4 this part, the gross receipts from the sale in this state of, and the
- 5 storage, use, or other consumption in this state of, qualified
- 6 equipment sold or leased to a qualified person.
- 7 (b) For the purposes of this section:

1 (1) “Qualified equipment” means tangible personal property
2 that is incorporated into alternative fuel prototype buses
3 pursuant to a qualified research and development contract.

4 (2) “Qualified person” means a contractor who provides
5 integration and installation of fuel cell components for a public
6 transportation agency that is a member of the California Fuel
7 Cell Partnership and has a demonstration program.

8 (3) “Qualified research and development contract” means a
9 contract for services related to the development of alternative
10 fuel prototype buses when the service provided under the
11 contract is undertaken for the purpose of discovering information
12 that is technological in nature and intended to be useful in the
13 development of a new or improved product, process, technique,
14 or invention.

15 SEC. 2. Notwithstanding Section 2230 of the Revenue and
16 Taxation Code, no appropriation is made by this act and the
17 state shall not reimburse any local agency for any sales and use
18 tax revenues lost by it under this act.

19 SEC. 3. This act provides for a tax levy within the meaning of
20 Article IV of the Constitution and shall go into immediate effect.
21 However, the provisions of this act shall become operative on the
22 first day of the first calendar quarter commencing more than 90
23 days after the effective date of this act.

24 ~~SECTION 1. Section 214 of the Revenue and Taxation Code~~
25 ~~is amended to read:~~

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28 **All matter omitted in this version of the bill**
29 **appears in the bill as amended in the**
30 **Senate, June 6, 2005. (JR11)**
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